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JOHN D. ELLSWORTH, P.C.  
WAYNE S. RASMUSSEN  
DAVID H. HOESING

July 21, 1989

RECORDATION # 16450  
JUL 31 1989 - 12 56 PM  
INTERSTATE COMMERCE COMMISSION

Ms. Noreta R. McGee  
Secretary  
Interstate Commerce Commission  
Washington D.C. 20423

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303 are an original and one copy of a Security Agreement dated July 21, 1989, a Primary Document as defined in the Commission's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Debtor:

Trains Unlimited, Inc.  
501 Sycamore, Suite 200  
Chicago Central Building  
Waterloo, Iowa 50703

Secured Party:

Navarro T. Fosse  
Hydrotile Machinery Company  
69 Maple Street  
Nashua, Iowa 50658

Included in the railroad equipment covered by the aforesaid Security Agreement are railroad cars and other rolling stock intended for use related to interstate commerce, or interests therein, owned by Debtor at the date of said Security Agreement or its successors as owners of the lines of railway covered by the Security Agreement. A description of the railroad equipment owned by Debtor as of the date of said Security Agreement and covered by said Security Agreement is set forth in Exhibit A attached hereto and made a part hereof.

Ms. Noreta R. McGee  
July 21, 1989  
Page 2

The required recordation fee of \$10.00 is enclosed.

Please return one stamped copy of the enclosed document to

David H. Hoelsing  
Ellsworth & Associates  
200 Jackson Place  
13th and Jackson Street  
Omaha, Nebraska 68102


A short summary of the enclosed Primary Document to appear in the Commission's Index is:

Security Agreement dated July 21, 1989 between the Trains Unlimited, Inc., Debtor, and Navarro T. Fosse, Secured Party, covering railroad cars and other rolling stock owned by Debtor at the date of said Security Agreement or its successors as owners of the lines of railway covered by the Security Agreement. Rolling stock owned by Debtor covered by said Security Agreement as of the date of said Security Agreement are two (2) coach cars bearing AM 1904 and AM 1905, one (1) power car bearing AM 1900 and one (1) Kitchen car bearing AM 8802.

Should you have any questions concerning this matter, please do not hesitate to call the undersigned.

Very truly yours,

ELLSWORTH & ASSOCIATES

  
By: David H. Hoelsing

DHH/jmb  
Enclosures

EXHIBIT "A"

RAIL EQUIPMENT - FOUR (4) PIECES TOTAL

QUANTITY	DESCRIPTION	AMTRAK	FORMER PENN R.R.
1	Power Car	AM 1900	9600
1	Coach	AM 1904	9604
1	Coach	AM 1905	9605
1	Kitchen Car	AM 8802	

Interstate Commerce Commission  
Washington, D.C. 20423

8/1/89

OFFICE OF THE SECRETARY

David H. Hoelsing  
Ellsworth & Associates  
200 Jackson Place  
13th & Jackson St.  
Omaha, Nebraska 68102

Dear: Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 7/31/89 , at 12:35pm , and assigned recordation number(s). 16450 & 16451

Sincerely yours,



Noreta R. McGee  
Secretary

Enclosure(s)

## SECURITY AGREEMENT

JUL 31 1989 -12 35 PM

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT, entered into this 21<sup>st</sup> day of July, 1989, by and between Navarro T. Fosse (hereinafter designated "Fosse") and Trains Unlimited, Inc., whose address is 501 Sycamore Street, Waterloo, Iowa (hereinafter designated "TUI").

## WITNESSETH:

TUI does hereby grant to Fosse a security interest in and to the following goods as set forth in Exhibit A (hereafter designated "Collateral"), together with all increases, parts, fittings, accessories, equipment, special tools, and renewals and replacements of all or any part thereof, and all proceeds of all the foregoing Collateral.

The security interest herein granted is given to secure the following (which are hereinafter collectively designated "Obligations"):

- A) all liabilities, indebtedness, and obligations (primary, secondary, direct, contingent, sole, joint, or several) due or to become due, now existing or which may be hereafter contracted or acquired, of TUI to Fosse; and
- B) performance by TUI of the agreements hereinafter set forth.

TUI hereby covenants, warrants and agrees that:

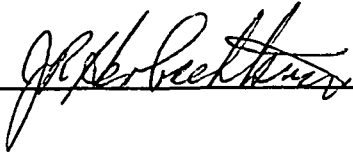
- (1) Fosse at all times shall have a perfected security interest in the Collateral.
- (2) TUI will do all acts and things, and will execute and file all instruments (including security agreements, financing statements, continuation statements, etc.) requested by Fosse to establish, maintain and continue perfected security interests of Fosse in the Collateral; will promptly on demand by Fosse pay all costs and expenses of filing and recording, including the costs of any searches deemed necessary by Fosse to establish and determine the validity and priority of the security interest of Fosse and also all other claims and charges which in the opinion of Fosse might affect the Collateral or Fosse's security interest therein.
- (3) TUI at its expense will keep and maintain in force such insurance in such amounts covering loss or damage to the Collateral, including extended coverage, as is usually and customarily carried by owners of like property or as may be requested by Fosse, including

notice provisions and loss payable clauses if demanded  
by Fosse.

IN WITNESS WHEREOF, the parties have executed this Agreement  
on the date first above written.

TRAINS UNLIMITED, INC.

Attest: \_\_\_\_\_



By: \_\_\_\_\_

  
Fred S. Tanner, President

Navarro T. Fosse

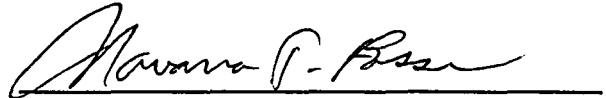


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